



Environmental Services Division
Land Quality Bureau

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Storms, economy pull energy prices in different directions

“Fears about an economic slowdown and corresponding decrease in demand for petroleum products are pushing oil prices down. However, this has not translated into the kinds of savings one could expect at the gas pump because of the recent storms that have affected a large portion of the nation’s fuel refining capacity,” said Tommi Makila, an Iowa Department of Natural Resources Energy Policy Analyst. “Once Gulf Coast refineries get up and running and if oil prices remain at current level or go down, we should see lower gasoline prices.”

The September 16th average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$3.62 per gallon, a 2.3 percent increase from August’s average price of \$3.54 per gallon. The current price is 29 percent higher than the September 2007 price of \$2.80 per gallon of the same blend.

The September 16th average price for diesel in Iowa was \$4.00 per gallon, \$0.23 lower than August’s price. The current diesel price is 32 percent higher than the September 2007 price of \$3.03.

Despite major storms affecting oil production in the Gulf of Mexico, crude oil prices have seen a steady downward trend in the last month. A barrel of West Texas Cushing Sweet Crude Oil settled at \$95.71 on September 15th. The September 15th price is a 16 percent decrease over August’s price of \$113.77. However, the current price is still 19 percent higher than the September 2007 price of \$80.40.

“While prices have moderated since early summer, all major heating fuels Iowans use continue to be at higher price levels than last year. As we enter the heating season, this is something consumers should be aware of,” Makila said.

On September 15th, natural gas was trading at \$8.02/MMBtu, up \$0.20/MMBtu from last month and \$1.67 higher than one year ago, a 26 percent increase. The U.S. Department of Energy, Energy Information Administration reports that working natural gas in storage as of September 5, 2008 was 2,905 billion cubic feet (Bcf), 82 Bcf above the 5-year average (2003-2007), and 146 Bcf below the level during the corresponding week last year.

A survey completed by the Iowa Department of Natural Resources on September 15, 2008, indicated that the average retail price of heating oil in Iowa was \$3.64 per gallon, \$0.14 lower

than last month, and \$0.93 higher than the price of heating oil at this time last year, a 34 percent increase. The same survey found that propane is selling in Iowa for an average of \$2.14 per gallon across the state, \$0.01 higher than a month ago. The current price is \$0.47 higher than the price in September of last year, a 28 percent increase.

To limit the financial impact of high energy prices, consumers should make improvements to their homes' and vehicles' energy efficiency. Tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	9/16/08	8/18/08	Difference
Ames	\$3.60	\$3.53	+\$0.07
Cedar Rapids	\$3.70	\$3.61	+\$0.09
Council Bluffs	\$3.60	\$3.46	+\$0.14
Davenport	\$3.77	\$3.68	+\$0.09
Des Moines	\$3.61	\$3.44	+\$0.17
Dubuque	\$3.78	\$3.60	+\$0.18
Fort Dodge	\$3.70	\$3.61	+\$0.09
Iowa City	\$3.68	\$3.65	+\$0.03
Sioux City	\$3.62	\$3.45	+\$0.17
Waterloo	\$3.57	\$3.50	+\$0.07
Webster City	\$3.56	\$3.57	-\$0.01
Average Metro Price	\$3.65	\$3.55	+\$0.10

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	9/16/08	8/18/08	Difference
Regular Unleaded with 10% Ethanol	\$3.62	\$3.54	+\$0.08
Regular Unleaded	\$3.70	\$3.60	+\$0.10
Premium Unleaded	\$3.80	\$3.68	+\$0.12
Diesel	\$4.00	\$4.23	-\$0.23

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	9/15/08	8/15/08	Difference
Natural Gas	8.02/MMBtu	7.82/MMBtu	+\$0.20/MMBtu

Source: Wall Street Journal

Heating Fuel Type	9/15/08	8/15/08	Difference
Propane	\$2.14	\$2.13	+\$0.01
#2 Heating Oil	\$3.64	\$3.78	-\$0.14

Source: Iowa Department of Natural Resources